



Legislative Update for Income Tax

Informational Bulletin

January 2000

Glen L. Bower
Director of Revenue

For information or forms...

- ◆ Call us at:
1 800 732-8866 or
217 782-3336
- ◆ Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304
- ◆ Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
- ◆ Visit our Web site at:
www.revenue.state.il.us
- ◆ Call
"Illinois Tax Fax," our
fax-on-demand service, at:
217 785-3400
- ◆ Call
our 24-hour
Forms Order Line at:
1 800 356-6302

To:

All individual, estate and trust income tax preparers

Effective **December 23, 1999**, Governor George Ryan signed into law Public Act 91-676, which creates a subtraction on the Illinois Individual Income Tax return and on the Illinois Trust and Estate Income Tax return. This new subtraction allows for the amount of compensation paid to a victim of Nazi persecution to be deducted from their federal adjusted gross income.

Who is eligible to take this subtraction?

A taxpayer who is a victim or a descendant of a victim of racial or religious persecution by Nazi Germany or any of its World War II allies is eligible to take this subtraction if they received compensation for persecution or for resulting losses, and that compensation is included in their federal adjusted gross income.

What amounts are to be included in this subtraction?

Taxpayers may include

- compensation received by the taxpayer because of racial or religious persecution;
- any payments and items of income received by the taxpayer for property stolen, taken, or lost as a result of persecution; and
- interest received from the taxpayer's insurance policies covering losses incurred as the result of persecution.

This subtraction does not apply to gains from assets acquired with the compensation or proceeds from the sale of the original assets. Also, this subtraction is only allowed to the taxpayer who was the first recipient of the compensation and was a victim of persecution.

Should the compensation be included in the taxpayer's federal adjusted gross income?

Yes, this subtraction only applies if the compensation **was** included in the taxpayer's federal adjusted gross income. If it was excluded or deducted federally, it is automatically exempt from Illinois tax.

Where should this subtraction be taken on the income tax forms?

Individuals should include this subtraction on Line 9 of Form IL-1040, Individual Income Tax Return.

Trusts and estates should include this subtraction in Part I, Line 4f, of Form IL-1041, Fiduciary Income and Replacement Tax Return.

Does this subtraction affect any state assistance?

This subtraction has no effect on the taxpayer receiving state benefits or state assistance.

